

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

20-21 November 2013

Question: SBE 1063-1064

Topic: Tax Gap analysis (ATO)

Written: 6 December 2013

Senator WONG asked:

1063. At the last Budget Estimates session, the ATO said that it would be in a position to publishing 'the results of our compliance effectiveness measures' in the first quarter of this financial year and to this Committee at the end of this compliance year.

1064. Could the ATO please provide this report to this Committee?

Answer:

1063. Some compliance effectiveness measures were published in the *Commissioner of Taxation Annual Report 2012-13* and the *GST Administration Annual Performance Report 2012-13*.

Other compliance effectiveness measures were updated but not published due to the ATO reviewing the level of detail provided in the Annual Report and Compliance Program.

The measures which were published are available on the ATO website in the [ATO Annual Report 2012-13](#) and the [GST Annual Report 2012-13](#). The measures are summarised below along with page references and are grouped according to the OECD "pillars of compliance" or four basic tax obligations:

Registration

- GST – Refer to page 7 of the *GST Administration Annual Performance Report 2012-13 - Percentage of compulsory GST registrations compared to potential GST registrations based on income tax returns data*

Lodgement

- Income tax – Refer to page 32 of the *Commissioner of Taxation Annual Report 2012-13 – On time lodgement of income tax returns*
- Business Activity Statements – Refer to page 8 of the *GST Administration Annual Performance Report 2012-13 – BAS % lodgement and BAS % lodgement on time*

Correct Reporting

- GST – Refer to page 50-51 of the *Commissioner of Taxation Annual Report 2012-13 – Trend over time in GST gap*

Payment

- Income & company tax, GST and excise – Refer to page 35 of *Commissioner of Taxation Annual Report 2012-13 – Tax liabilities paid in full by due date*

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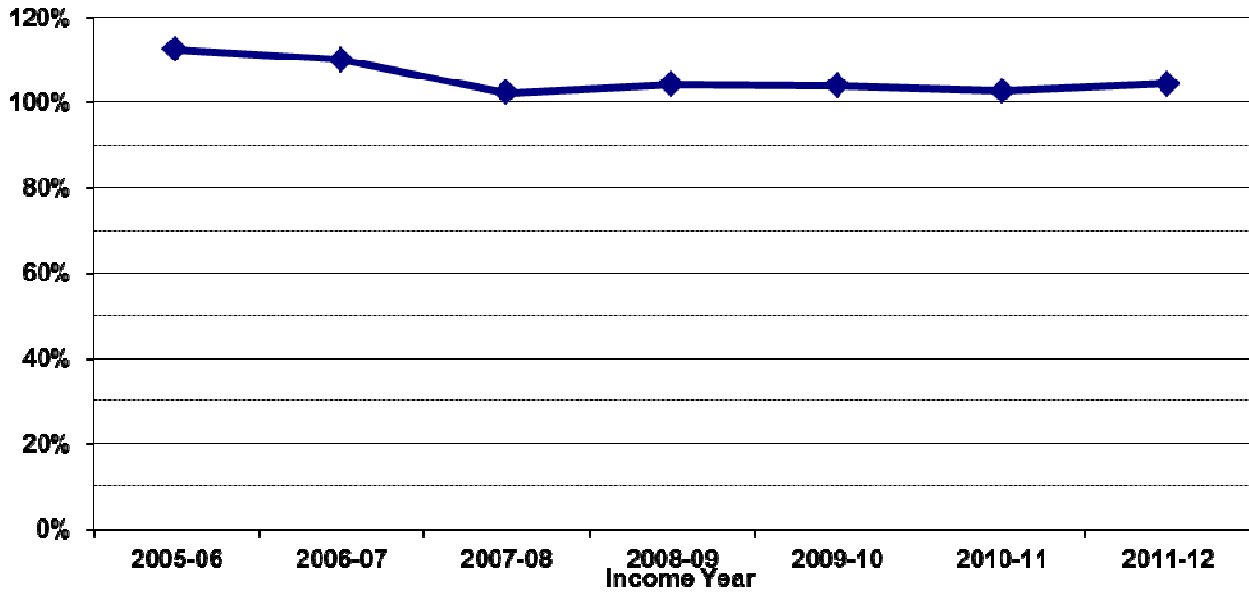
20-21 November 2013

The measures which were updated but not published are attached below:

Registration

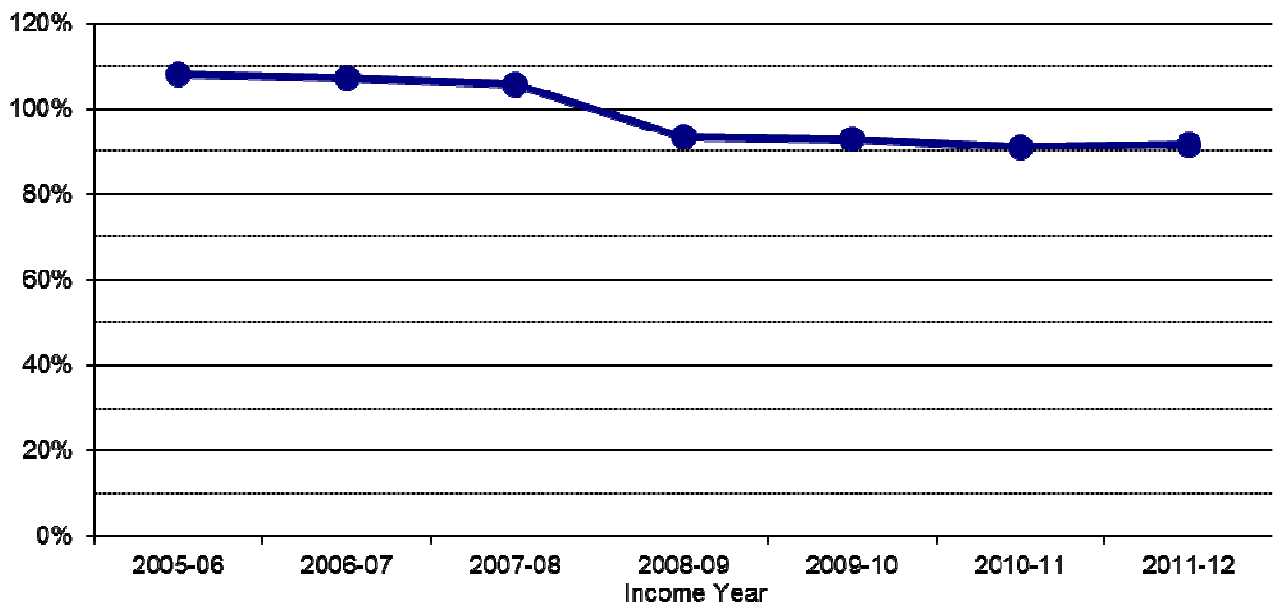
- Individuals

Trend in individual tax file number registration population as compared to the ABS estimated resident population



- Companies

Trend in company tax file number registration population as compared to the ASIC registered population



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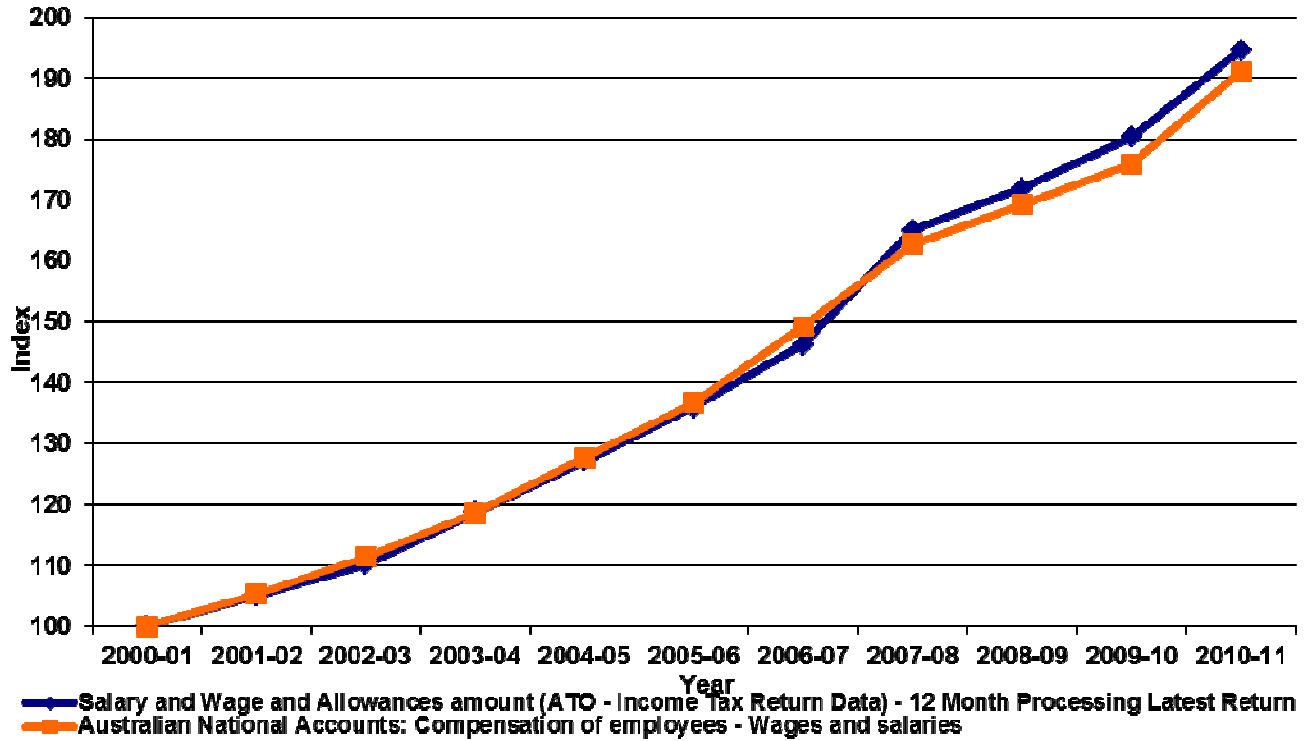
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Correct Reporting

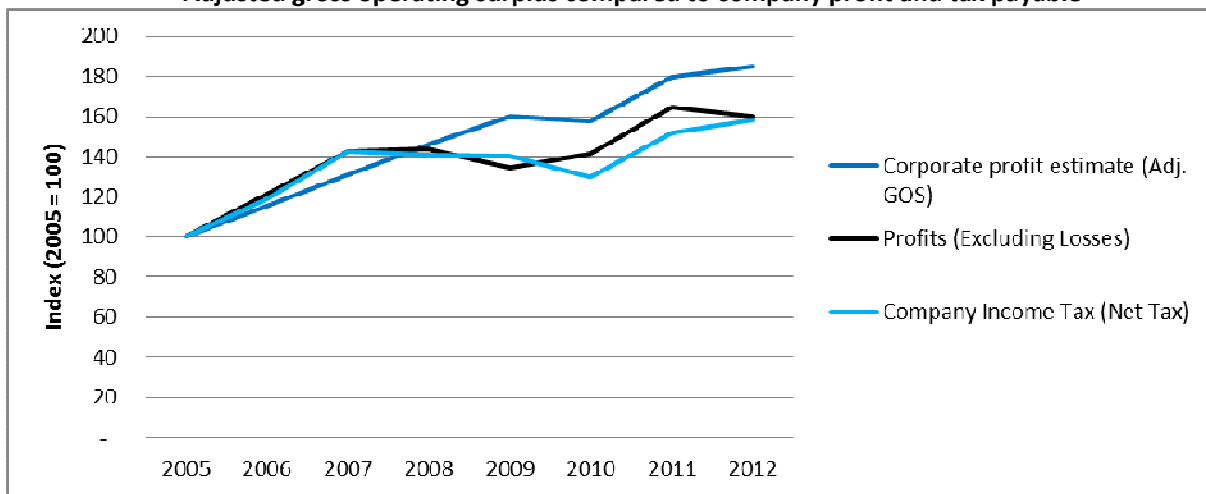
- Salary and wages

Growth in salary and wages reported on income tax returns compared to growth in salary and wages estimated by the ABS



- Companies

Adjusted gross operating surplus compared to company profit and tax payable



Note: this chart is only broadly indicative, with the complex nature of this tax defying straightforward comparisons and conclusions. The figures for 2011 and 2012 will undergo likely upward revisions in future as late lodgements occur.

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For the last two years the ATO has published a view of the GST tax gap and the Luxury Car Tax gap. The ATO is currently exploring options for estimating the tax gap for the other components of the tax system, including income tax, drawing on international practices and expert advice. We are aiming to have a formal strategy in place by 30 June 2014.